Guidelines for Captial Investment

†*412. SHRI RAJIV RANJAN SINGH 'LALAN':
SHRI RAM JETHMALANI:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the public sector financial institutions engaged in encouraging small savings make investments of the deposited capital into various sectors;

(b) if so, whether any guidelines have been issued for the capital investment;

(c) if so, the details thereof; and

(d) the institutions that have contravened these guidelines during the last three years and for what quantum of amounts a decision was taken?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) to (d) Developmental Financial Institutions (DFIs) unlike Scheduled Commericial Banks do not accept small saving deposits from the public and also do not have access to funds of small saving schemes of Government of India. However, some of the financial institutions did make public issue of unsecured bonds which targeted retail investors.

There are no specific guidelines for investment of funds raised by financial institutions from various sources except in case of infrastructure bonds (Tax Saving under Section 88 of IT Act) where the amount borrowed has to be invested in infrastructure sector within three years. IDBI & ICICI have followed the guidelines in respect of infrastructure bonds by investing the full amount raised in infrastructure bonds in infrastructure sector.

Companies referred to BIFR

*413. SHRI RAVI SHANKAR PRASAD: Will the Minister of FINANCE be pleased to state:

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†Original notice of the question was received in Hindi.

(a) whether a number of companies have been brought under the review of Board for Industrial and Financial Reconstruction and if so, the number thereof during the last three years;

(b) whether there is a rise in such companies which have been brought for review by BIFR; and

(c) if so, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) to (c) There has been an increase in the incidence of industrial sickness as indicated by the number of sick industrial companies registered with the Board for Industrial & Financial Reconstruction (BIFR) over the years as per details given below:

Year	1997	1998	1999	2000	2001 (Upto 31.3.2001)
No. of Cases Registered with BIFR	233	370	413	429	139

The increase in the number of industrial companies becoming sick is reportedly due to the following reasons:

eManagerial problems

*Production and technical problems

*Marketing and financial problems

*Lack of adequate infrastructure

*Shortage of raw material

*Higher electricity cost

*Constraints of working captial

*Delay in sanction and disbursement of Term Loan by Financial Institutions and Banks

*Inadequate power supply and frequent power cuts

*High interest cost